

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

January 25, 2022

11:07 a.m.

MEMBERS PRESENT

Representative Geran Tarr, Chair
Representative Louise Stutes, Vice Chair
Representative Jonathan Kreiss-Tomkins
Representative Andi Story
Representative Dan Ortiz
Representative Sarah Vance
Representative Kevin McCabe

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 16

Calling on President Biden to immediately seek and secure an end to the embargo imposed by Russia on seafood imports from abroad so that Alaska seafood producers' access to the Russian domestic seafood market is fully restored.

- HEARD & HELD

SENATE JOINT RESOLUTION NO. 17

Requesting the United States Trade Representative to bring a renewed focus on the plight of producers of seafood in the state and the United States and to compel China to comply with its commitment to increase its imports of seafood products from the United States.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SJR 16

SHORT TITLE: END RUSSIA EMBARGO ON U.S. SEAFOOD

SPONSOR(S): SPECIAL COMMITTEE ON WORLD TRADE

05/11/21 (S) READ THE FIRST TIME - REFERRALS

05/11/21	(S)	WTR
05/12/21	(S)	RES REFERRAL REPLACED WTR
05/17/21	(S)	RES AT 3:30 PM BUTROVICH 205
05/17/21	(S)	Moved SJR 16 Out of Committee
05/17/21	(S)	MINUTE(RES)
05/18/21	(S)	RES RPT 5DP 1NR
05/18/21	(S)	DP: REVAK, KIEHL, VON IMHOF, MICCICHE, STEVENS
05/18/21	(S)	NR: KAWASAKI
05/19/21	(S)	TRANSMITTED TO (H)
05/19/21	(S)	VERSION: SJR 16
05/19/21	(H)	READ THE FIRST TIME - REFERRALS
05/19/21	(H)	FSH
01/25/22	(H)	FSH AT 11:00 AM GRUENBERG 120

BILL: SJR 17

SHORT TITLE: INCREASE SEAFOOD EXPORTS

SPONSOR(s): SPECIAL COMMITTEE ON WORLD TRADE

05/11/21	(S)	READ THE FIRST TIME - REFERRALS
05/11/21	(S)	WTR
05/12/21	(S)	RES REFERRAL REPLACED WTR
05/17/21	(S)	RES AT 3:30 PM BUTROVICH 205
05/17/21	(S)	Moved SJR 17 Out of Committee
05/17/21	(S)	MINUTE(RES)
05/18/21	(S)	RES RPT 6DP
05/18/21	(S)	DP: REVAK, KIEHL, VON IMHOF, MICCICHE, STEVENS, KAWASAKI
05/19/21	(S)	TRANSMITTED TO (H)
05/19/21	(S)	VERSION: SJR 17
05/19/21	(H)	READ THE FIRST TIME - REFERRALS
05/19/21	(H)	FSH
01/25/22	(H)	FSH AT 11:00 AM GRUENBERG 120

WITNESS REGISTER

TIM LAMKIN, Staff
 Senator Gary Stevens
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: On behalf of prime sponsor, presented SJR 16 and SJR 17.

JEREMY WOODROW, Executive Director
 Alaska Seafood Marketing Institute
 Juneau, Alaska

POSITION STATEMENT: Testified in support of SJR 16 & SJR 17.

STEPHANIE MADSEN, Executive Director
At-Sea Processors Association
Juneau, Alaska

POSITION STATEMENT: Testified in support of SJR 16 & SJR 17.

CHRIS BARROWS, President
Pacific Seafood Processors Association
Seattle, Washington

POSITION STATEMENT: Testified in support of SJR 16 & SJR 17.

ACTION NARRATIVE

[11:07:09 AM](#)

VICE CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 11:07 a.m. Representatives Stutes, Story, Ortiz, Vance, and McCabe were present at the call to order. Representatives Tarr (via teleconference) and Kreiss-Tomkins arrived as the meeting was in progress.

SJR 16-END RUSSIA EMBARGO ON U.S. SEAFOOD **SJR 17-INCREASE SEAFOOD EXPORTS**

[11:08:41 AM](#)

REPRESENTATIVE STUTES announced that the first order of business would be SENATE JOINT RESOLUTION NO. 16, Calling on President Biden to immediately seek and secure an end to the embargo imposed by Russia on seafood imports from abroad so that Alaska seafood producers' access to the Russian domestic seafood market is fully restored and SENATE JOINT RESOLUTION NO. 17, Requesting the United States Trade Representative to bring a renewed focus on the plight of producers of seafood in the state and the United States and to compel China to comply with its commitment to increase its imports of seafood products from the United States.

[11:09:28 AM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, presented SJR 16 and SJR 17. He explained that SJR 16 related to a Russian embargo imposed in August 2014, on Alaska seafood products among other imported products in response to western sanctions imposed due to the Ukraine crisis. He emphasized the economic value of Alaska seafood. He noted

that current tensions were increasing in Ukraine. He stated that the Alaska seafood industry was seeking assistance from the federal government, and SJR 16 and SJR 17 would serve as a formal request. He noted that the Alaska Seafood Marketing Institute (ASMI) reported that two-thirds of domestic seafood is from Alaska. He stated that recent tariff increases imposed by China had damaged market demand for seafood in China and had given an unfair market advantage to competitors. He stated that Alaskan pollock was subject to approximately 500 percent higher tariffs than those on Russian pollock and resulted in the loss of hundreds of millions of dollars of market share to competitors. He stated that SJR 17 would, if passed, restore focus on negotiations to ease the tariff "war" and level the playing field for Alaska seafood products. He stated that Alaska seafood industry members would provide data regarding financial losses due to the Russian embargo and Chinese tariffs.

[11:13:24 AM](#)

REPRESENTATIVE MCCABE stated that the United States trade representative inadequately represented Alaska seafood exports on its website. He stated his dismay at the exclusion, and that the exclusion had caused further [economic] harm by Russia and China. He requested that testimony be sought to illustrate the financial impacts that had resulted from the exclusion.

[11:14:45 AM](#)

REPRESENTATIVE STUTES asked whether it would be of greater benefit to Alaska seafood to impose an embargo on Russian and Chinese seafood products, which would create domestic demand for Alaska seafood products.

MR. LAMKIN cautioned that the question posed by Representative Stutes would have global impacts beyond what was being discussed before the committee.

[11:16:23 AM](#)

JEREMY WOODROW, Executive Director, Alaska Seafood Marketing Institute, testified in support of SJR 16 & SJR 17. He read from prepared remarks, as follows:

The Alaska Seafood Marketing Institute supports all efforts that will help increase the value of Alaska's fisheries. SJR 16 and SJR 17 recognize important economic hurdles that the Alaska seafood industry

faces in regards to imbalances in foreign trade. Seafood is one of the most traded food commodities worldwide and in any given year between 75 and 80 percent of Alaska seafood by volume is exported. It is vital to the economic health of Alaska's communities and its seafood industry that we can remain competitive in the global marketplace.

The challenges that the Alaska seafood industry faces have only been amplified through the course of the COVID-19 pandemic, thus further stressing the need for fair and balanced foreign trade. Over the last two years, Alaska has seen its export values decline considerably due to shipping disruptions and escalating costs, border closures, and rolling closures of end-markets. When compared to 2019, exports in 2020 were down \$500 million and in 2021 down approximately \$300 million. However, Alaska's export challenges started much earlier than the pandemic.

SJR 16 and SJR 17 specifically address the ongoing trade disputes with Russia and China, respectively. Let's first speak to Russia.

From King crab and Pollock to wild salmon, halibut and cod, Russia competes with Alaska's commercially harvested seafood across the global market. The majority of Russian fisheries are also now certified sustainable further reducing Alaska's competitive edge. Furthermore, Russia aims to surpass Alaska in terms of quality, value and production with its commitment of nearly \$7 billion to modernizing its seafood processing, cold storage, and fleet. In 2014, Russia embargoed U.S. food products, including Alaska seafood. Russia was an important export market for salmon roe and the embargo overnight displaced \$60 million worth of Alaska salmon roe products. Russia, however, still enjoys access to the U.S. market and since 2014, the U.S. has seen Russian seafood imports increase 173 percent. Russian products are often imported and sold at a lower cost and therefore undercut the value of Alaska seafood products in our most valuable market, the United States.

Now switching gears to China: China remains an important destination for Alaska seafood. The Alaska

seafood industry invested over 20 years developing the China market for reprocessing and domestic consumption. The efforts put forth by ASMI and our industry partners grew China into the industry's number one export market reaching nearly \$1 billion in exports in 2017. The retaliatory tariffs in 2018, however, have dropped exports to China to recent record year lows. Alaska now exports to China just over half of what it had prior to the retaliatory tariffs in 2018.

The Alaska seafood industry and ASMI recognize the need to diversify our export markets. In response, ASMI has invested nearly \$5 million in diversifying the Alaska seafood industry's overseas portfolio, which was only made possible by one-time federal funding, which is soon to expire. New and emerging markets in Southeast Asia, South America, and Eastern Europe all show immediate promise for establishing an additional processing capacity and end-user markets. However, this too will take time and significant investment from ASMI and the industry. Until this can be accomplished, it is important that China remain open and fair to trade with the U.S. or, at the very least, make good on its promises to purchase U.S. seafood under the Phase 1 agreement.

While the geopolitical challenges associated with Russia and China are significant, and Alaska seafood is, more often than not, a small role in the negotiations, the negative impacts to our state, our communities, and our fishing families is significant. Your support and the emphasis shown through SJR 16 and SJR 17 is very much appreciated and also necessary as we continue to strive for equitable foreign trade.

[11:20:33 AM](#)

REPRESENTATIVE STUTES asked her previously stated question of whether to impose an embargo on Russian and Chinese seafood products, which would create domestic demand for Alaska seafood products.

MR. WOODROW stated that, while he is not a foreign trade negotiation expert, he did express frustration at U.S. seafood retailers selling imported seafood at a lower cost. He

suggested that the question should be posed to higher level government officials.

[11:21:23 AM](#)

REPRESENTATIVE MCCABE asked the meaning of "certified sustainable."

[11:21:30 AM](#)

MR. WOODROW explained that there exist several global certifying bodies to overcome trade barriers in certain regions of the world and customers who require such certification. He noted that one of the certification bodies is the Marine Stewardship Council (MSC) and that Alaska had created its own certification standard, the Responsible Fisheries Management (RFM) certification, and that many fisheries in Alaska hold dual certification. He further explained that the certification is an eco-label and increases consumer confidence that certified products meet certain environmental and sustainability standards.

[11:22:26 AM](#)

REPRESENTATIVE MCCABE asked the reason that China was not associated with certification.

MR. WOODROW explained that southeast Asian fisheries vary in their sustainability practices. He noted that there may exist some fisheries in the region which may hold certifications, and a large segment of Chinese seafood is farmed, which have its own variety of certification standards.

[11:23:08 AM](#)

REPRESENTATIVE MCCABE asked whether there existed a way for Alaska seafood to market the existence of dual certifications and distinguish further from Russian seafood products. He noted that many consumers and chefs refuse any seafood that is not wild Alaska seafood, and that some concerns exist due to unsanitary farming practices. He postulated that Representative Stutes' earlier suggestion of an embargo on competing products may further differentiate Alaska seafood.

MR. WOODROW answered that Representative McCabe's suggestion to differentiate Alaska seafood is ASMI's mission. He added that Alaska fisheries have a "great story," and that generations of

Alaska fishing families are a part of that story. He stated that those stories resonate with consumers and aid in command of a higher premium for Alaska seafood products worldwide. He added that the stories may not be sufficient to compete to overcome consumer reluctance over the high price point of Alaska seafood made higher by labor costs and other variables, such as trade tariffs, have a negative impact on competitive pricing.

11:25:20 AM

REPRESENTATIVE VANCE referred to the document entitled, "SJR 16 Supporting Document - ASMI White Paper - May 2021.pdf," [included in the committee packet] at the bottom of page 3, and asked about the Russian investments that include shipbuilding, plant building, and aquaculture development and marketing from 2018 to 2025 and are estimated to total \$6.9 billion. She asked what Alaska's long-range strategic plans were to invest in fisheries development, including research. She suggested that a 20-year plan was necessary, and fisheries would be an important component of the Arctic passageway. She expressed her agreement with the suggestion of an embargo in lieu of the joint resolutions which she compared to a "pretty please" request for Russia to cease the embargo and China remove the tariffs. She suggested that an amendment be offered to strengthen the resolutions to reflect Alaska's value of its fisheries.

11:28:18 AM

REPRESENTATIVE MCCABE expressed his agreement with Representative Vance's points. He shared his experience in the 1980s and 1990s while on Coast Guard patrol, during which he experienced [enforcement activities] specifically seeking Russian trawlers in the U. S. exclusive economic zone. He noted that the federal government did not maintain the same investment and funding for patrols as it had during his time of service.

11:29:32 AM

REPRESENTATIVE TARR asked whether the COVID-19 pandemic had resulted in consumers considering health as it would pertain to marketing opportunities for Alaska seafood.

MR. WOODROW answered that health [benefit] is a significant driver of consumer behavior, and seafood is in demand worldwide as a result of increased health concerns.

STEPHANIE MADSEN, Executive Director, At-Sea Processors Association, testified in support of SJR 16 & SJR 17. She provided biographical background including over 40 years of living and working in coastal Alaska, and for the prior 15 years she had been associated with the Bering Sea pollock fishery. She stated her belief that the financial wellbeing of Alaska's coastal communities was reliant on the Alaska seafood industry. She stated that a majority of Alaska pollock is exported to Asia and Europe, and the same remains true for other Alaska seafood species. She stated that key export market access, including China, is vital to the economic survival of the Alaska seafood industry. She stated that competition had been limited in some markets and completely blocked in others. She stated that China, prior to 2018 [and the imposition of tariffs] was positioned to become the most important growth market for Alaska pollock. She stated that U. S. seafood sales in China had collapsed. She added that Russia had been an important market until the 2014 embargo and resulting ban on imports. She stated that seafood had not been prioritized in international trade negotiations over several administrations, which had harmed [Alaska seafood's] competitiveness in key markets such as Japan and the European Union. She urged the passage of SJR 16 & SJR 17 to augment the efforts made by her organization and those of others. She complimented the Alaska congressional delegation's efforts to advocate for Alaska seafood exports at the federal level.

11:35:09 AM

REPRESENTATIVE STUTES asked her previously stated question of whether to impose an embargo on Russian and Chinese seafood products, which would create domestic demand for Alaska seafood products.

MS. MADSEN answered that, because Alaska exports products to other international markets, an embargo on Russian imports could result in increased market pressure in those markets due to increased Russian supply. She suggested that there might exist additional "domino" effects that would be difficult to foresee.

11:36:24 AM

REPRESENTATIVE STORY asked whether the most recent administration change had resulted in improved trade relations.

MS. MADSEN answered that the Alaska congressional delegation had championed a meeting with the U. S. Secretary of Commerce and

that additional meetings had and will be taking place to add seafood to the list of [commodities] traded internationally.

[11:39:07 AM](#)

REPRESENTATIVE VANCE referred to her previous question regarding page 3 of the whitepaper and noted that it depicted an increase in Russian seafood imports. She requested data on Alaska seafood domestic sales over the same time period.

[11:40:48 AM](#)

CHRIS BARROWS, President, Pacific Seafood Processors Association, testified in support of SJR 16 & SJR 17. He stated that the proposed legislation would call attention to trade inequities in the two, key foreign seafood markets. He referred to the previous discussion and echoed the sentiment that the proposed resolutions would be a first step in a larger strategy. He complimented ASMI's efforts identifying markets for Alaska seafood in the global market. He offered information on the Pacific Seafood Processors Association, which was founded in 1914 and comprised of 8 major seafood processing companies operating 25 facilities in 15 coastal locations in Alaska, and 3 floating processors as a part of its membership. He noted the economic importance of Alaska seafood to the state, being the number one export for Alaska and comprises half of all Alaska exports. He stated that the long-standing, unfair trade conditions that exist [in China and Russia] threaten the value of Alaska seafood. He stated that federal trade policies and negotiations had failed to safeguard U.S. seafood interests. He stated that, while seafood imports overwhelmingly enter the U.S. duty-free, steep trade barriers have been imposed by trade partners. He stated that the proposed resolutions would draw attention to seafood export's reliance on fair competition in the global market. He stated that the issues that exist for seafood exports and international trade are complex and referred to negotiations that had taken place between the U.S. and the European Union to allow market access for U.S. seafood exports.

[11:45:57 AM](#)

MR. BARROWS explained that the ongoing trade war with Russia had rendered Alaska companies unable to compete in the global market, including the vast China export market. He stated that, according to ASMI data, 63 percent of the China market share for Alaska seafood had been lost between 2017 and 2019. He noted that a robust seafood economy helps to shape the economy and

contributes to maintenance of ageing infrastructure and meet the needs for capital investment. He noted that markets, once lost, are difficult to recapture, and he likened the biological health maintenance of the [fisheries] stocks to the economic maintenance required for good economic health of the industry.

[11:48:20 AM](#)

REPRESENTATIVE STUTES opened public testimony on SJR 16 & SJR 17. After ascertaining that no one wished to testify, she closed public testimony. SJR 16 & SJR were held over.

[11:49:26 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:49 a.m.